

## FOREWORD

These claiming instructions are issued to help claimants prepare claims for submission to the State Controller's Office (SCO). These instructions are based upon SCO's interpretation of the State of California statutes, regulations, and Parameters and Guidelines (P's & G's) adopted by the Commission on State Mandates (COSM).

The following are important provisions of statutory changes resulting from AB 2856, effective January 1, 2005, and information on SCO adopted Time Study Guidelines.

### AB 2856 (Chapter 890, Statutes of 2004)

1. Government Code (GC) Section 17517.5 defines "cost savings authorized by the state" as any decreased costs that a local agency or school district realizes as a result of any statute enacted or any executive order adopted that permits or requires the discontinuance of, or a reduction in, the level of service of an existing program that was mandated before January 1, 1975.
2. GC Sections 17557(b), (d), and (f) allow the COSM, when adopting P's & G's, to adopt a reasonable reimbursement methodology that balances accuracy and simplicity. GC Section 17518.5 further defines and provides specific conditions for reasonable reimbursement methodologies.
3. GC Section 17551(c) specifies that test claims shall be filed not later than 12 months following the effective date of a statute or executive order, or within 12 months of incurring increased costs as a result of a statute or executive order, whichever is later.
4. GC Section 17557(d) specifies the effective date for an amendment to P's & G's. A P's & G's amendment submitted within 90 days of the claiming deadline for initial claims, as specified in the claiming instructions pursuant to Section 17561, shall apply to all years eligible for reimbursement as defined in the original P's & G's. A P's & G's amendment filed more than 90 days after the claiming deadline for initial claims, as specified in the claiming instructions pursuant to Section 17561, and on or before January 15 following a fiscal year, shall establish reimbursement eligibility for that fiscal year.
5. GC Section 17558.5(a) requires the SCO to complete a reimbursement claim audit no later than two years after the date that SCO starts the audit.

Previously, the GC only stated: (1) the SCO may initiate an audit no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later; and (2) if no payment is made to the claimant, the time period to initiate an audit commences from the date of initial payment of the claim. These provisions remain in effect.

6. GC Section 17558.5(b) allows the SCO to conduct a field review of any claim after the claim has been submitted, before the claim is reimbursed.

### Time Study Guidelines

1. The SCO has approved Time Study Guidelines. A time study is one method of determining a reasonable reimbursement methodology discussed in AB 2856. The guidelines specify that a time study is appropriate when an activity is a task repetitive in nature. Time studies are not appropriate for activities that require a varying level of effort.

The Time Study Guidelines allow claimants to file reimbursement claims using the guidelines for costs incurred on or after January 1, 2005. However, from an audit perspective, the SCO allows claimants to use time studies when costs incurred before January 1, 2005, are not supported by actual time records, provided the activity is a task repetitive in nature.

2. This manual has been updated to include these guidelines.

If you have any questions concerning the enclosed material, write to the address below, or call the Local Reimbursements Section at (916) 324-5729, or email to [lrsdar@sco.ca.gov](mailto:lrsdar@sco.ca.gov).

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Prepared by the State Controller's Office  
Updated December 9, 2005